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FISCAL IMPACT STATEMENT

LS 7059

BILL NUMBER: HB 1285

NOTE PREPARED: Jan 8, 2012

BILL AMENDED:

SUBJECT: Solar power property tax exemption.

FIRST AUTHOR: Rep. Yarde

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: Local

Summary of Legislation: This bill provides a 100% property tax assessed value deduction for a solar power device used to generate electricity that is installed after December 31, 2011.

Effective Date: January 1, 2012 (retroactive).

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues: Under this bill, for property taxes payable in 2013 and after, the owner of real property equipped with a solar-powered device designed to generate electricity is entitled to receive an annual property tax deduction equal to the difference between the assessed value with the system and the assessed value without the system.

The deduction also extends to the owner of a solar powered device that is assessed either as distributable property under current law, or personal property. In this case, the amount to be deducted annually is the assessed value of the device.

To be eligible, the device must be installed after 2011.

This proposal could result in an increase in the number of solar-powered electric generating devices installed. The potential increase in assessed valuation is indeterminable at this time.

Normally, an increase in assessed valuation would lead to lower tax rates and possibly lower circuit breaker credit losses for local civil taxing units and schools. Assuming that the investment in acquiring a solar-powered electric generating system would be made with or without the availability of the deduction, the deduction would cause taxing units to forgo the increase in assessed value to their tax base and the possible reduction in tax rates and circuit breaker credits.

Total local revenues would be unchanged. Cumulative funds would not benefit from the assessed value of the new solar-powered electric generating systems.

Background Information: Current law extends an annual property tax deduction to the owners of real property or mobile homes equipped with a solar-energy heating or cooling system. Owners of real property or mobile homes equipped with a wind-power device to generate electricity are also entitled to an annual property tax deduction.

Currently available data combines the deduction for solar-energy heating or cooling systems and wind-power devices. In 2011, approximately 2,875 solar-energy and wind-power devices received a total deduction of a little over \$45 M in assessed valuation.

State Agencies Affected:

Local Agencies Affected: County auditors; Local taxing units.

Information Sources: OFMA Property Tax Database.

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